



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

August 25, 2000

Mr. Mark Smith
President
Molycorp Inc.
376 South Valencia Avenue
Brea, CA 92823

Re: Molycorp, Inc. molybdenum mine near Questa, New Mexico

Dear Mr. Smith:

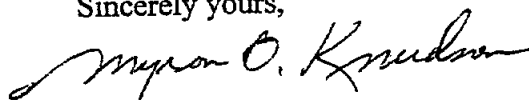
I write to follow up on the May 25, 2000, meeting between Molycorp and U.S. Environmental Protection Agency (EPA) in Dallas, Texas, at which issues associated with the proposal of the Questa mine to the National Priorities List of Superfund sites were discussed. Mr. David Shoemaker and Mr. Rich Schwartz, representing Molycorp, expressed concern that the simultaneous regulation of the site by EPA and the State of New Mexico might impose conflicting or duplicative work requirements on the company.

In response to your concern, on August 8 we met with the program managers and project staff from the New Mexico Environment Department (NMED) and the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Department. We discussed the need to develop an environmental approach to the Molycorp facility that will satisfy the requirements of EPA, NMED, and MMD, while minimizing the amount of duplicative investigation and cleanup work on the part of Molycorp. As a result of our discussion, the regulatory agencies intend to work together to coordinate our activities so as to avoid requiring Molycorp to undertake redundant efforts. Nonetheless, EPA and the state agencies will continue to act independently within their areas of authority: respectively, Superfund and the facility discharge/closeout plans.

As we discussed with Molycorp's representatives on May 25, in the near future you will receive a "special notice letter" under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). This letter will request that Molycorp commit to conduct a Remedial Investigation and Feasibility Study (RI/FS) to determine the extent of contamination at the site and develop alternatives for cleanup, and will offer to commence negotiations to reach a settlement.

I hope this information is helpful to you. If you have any questions about this letter, feel free to call me, or your staff can contact EPA project manager Kathleen Aisling at 214.665.8509 or site attorney Mike Boydston at 214.665.7376. Thank you.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Myron O. Knudson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Myron O. Knudson, P.E.
Director
Superfund Division

cc: New Mexico Environment Department (NMED)
New Mexico Energy, Minerals and Natural Resources Department,
Mining and Minerals Division (MMD)

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Sincerely yours,

Myron O. Knudson, P.E.
Director
Superfund Division

cc: New Mexico Environment Department (NMED)
New Mexico Energy, Minerals and Natural Resources Department,
Mining and Minerals Division (MMD)

David Shee maker

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